

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

Notice DAP-126

**For:** State and County Offices

**Computation of Regular Quality Loss Program (QLP)  
Benefits for QLP for Apples and Potatoes (QLP-AP) Applicants**

**Approved by:** Acting Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Pub. L. 106-387, the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2001, authorized the Secretary to expend \$38 million to provide disaster assistance to crop year 1999 and 2000 producers who suffered quality losses on apples and potatoes.

At the time QLP-AP signup began, it was unknown whether the projected payment amounts would exceed the funding allocation. As a result, procedure was not provided to County Offices for determining whether producers should apply under QLP or QLP-AP for apple and potato quality losses.

A previous memorandum to State Offices provided guidance and a producer list to help County Offices identify producers who would likely receive higher payments under QLP.

**B**

**Purpose**

This notice provides additional instructions for determining the most beneficial program for applicants under the 2000 crop year quality programs.

**C**

**State Office  
Action**

The State Office shall ensure that all County Offices with QLP-AP applications are **immediately** notified of the contents of this notice, including the deadline of February 8, 2002, for transferring application data from QLP-AP to QLP.

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**Disposal Date**

October 1, 2002

**Distribution**

State Offices, State Offices relay to County Offices

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### 1 Overview (Continued)

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#### **D** **Program** **Provision** **Differences**

This table:

- compares the program provisions for QLP and QLP-AP
- can be used to provide guidance to determine the most beneficial program for an applicant.

<b>Program Provisions</b>	<b>QLP</b>	<b>QLP-AP</b>
Payment Formula	65 percent of affected production times 65 percent of payment rate	65 percent of affected production times 100 percent of payment rate
Payment Limitation	Applies	Does not apply
Gross Revenue Provisions	Applies	Does not apply
Unharvested Acres	Not eligible	Eligible
National Payment Factor to Keep Spending Within Appropriated Amount	Does not apply	Applies
1999 Crop Loss	Not eligible	Eligible

#### **E** **Timeframe**

By February 8, 2002, using the criteria in paragraph 3, County Offices shall enter QLP-AP data into the QLP application software for eligible applications that would receive larger payments under QLP.

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## 2 QLP-AP Payment Factor

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### A

#### Determination of a Payment Factor

Uploaded data indicates that the value of all QLP-AP applications greatly exceeds the \$38 million appropriation. An accurate QLP-AP national payment factor cannot be determined until all applications that are eligible to receive higher payments under QLP are transferred from QLP-AP to QLP.

Since the final national payment factor has not yet been determined, and any preliminary analysis will be altered as QLP-AP application data is entered in the QLP application software, an accurate factor cannot be projected at this time. County Offices shall not publicize or provide to producers any estimate of the national payment factor or factored payments. A final national payment factor will be provided to County Offices as soon as possible.

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## 3 Restrictions on Transferring QLP-AP Application to QLP

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### A

#### Most Beneficial Program

Because the value of all QLP-AP applications greatly exceeds the \$38 million appropriation, a national payment factor will be applied to the QLP-AP payments. For purposes of this notice only, it is assumed that the national payment factor for QLP-AP would be 45 percent. This means that if the QLP-AP payment before the application of a national payment factor is \$177,778 or less per person, then it would be beneficial to receive payments under QLP. As a result, it will be more beneficial for most producers to receive benefits under QLP instead of QLP-AP, but only if they can meet the eligibility requirements for QLP.

This paragraph outlines the provisions for which QLP-AP application data shall and shall not be entered into the QLP application software. County Offices shall determine which program is most beneficial, by application.

After following the procedures in this notice, if it is determined that QLP is more beneficial, County Offices shall enter QLP-AP data into the QLP application software according to the following:

- delete the **applicable CCC-557AP's** from the QLP-AP application software according to 3-DAP:
    - paragraphs 660 and 663 for noninsurable and uninsurable crops
    - paragraph 678 for insured crops
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### 3 Restrictions on Transferring QLP-AP Application to QLP (Continued)

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#### A

#### Most Beneficial Program (Continued)

- enter the application data on the existing CCC-557AP into the regular QLP software according to 3-DAP, Part 17
- attach CCC-557Q to the original CCC-557AP.

**Note:** A signature is not required from the producer on CCC-557Q because the application data has not changed.

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#### B

#### Criteria for Applicant to Remain in QLP-AP

**If any of the following conditions are met, the data on a QLP-AP application shall NOT be entered into the QLP application software:**

- QLP-AP application is for the 1999 crop year

**Note:** A producer may have two QLP-AP applications, 1 for 1999 and another for 2000. The 1999 application must remain in QLP-AP. The data on a producer's application for the 2000 crop year may be transferred to QLP, unless other restrictions in this paragraph apply.

- gross revenue requirement for the 2000 Crop Disaster Program (CDP) and QLP was not met
  - applicant does not complete CCC-502 or CCC-562 for QLP by COB February 8, 2002, or is determined ineligible for QLP payment
  - QLP-AP application has been disapproved by COC.
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## Notice DAP-126

### 3 Restrictions on Transferring QLP-AP Application to QLP (Continued)

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#### C

#### Preliminary Factor

Issuing payments under QLP will likely be more beneficial to most producers who have a QLP-AP application. To determine the most beneficial payment amount, County Offices shall take the action in this table.

Step	Action
1	Determine the projected QLP-AP payment amount according to the following: <ul style="list-style-type: none"><li>• “Gross QLP-AP Calculated Payment” in CCC-557AP-2, Part A, minus</li><li>• “CDP Amount Attributable to Quality” in CCC-557AP-2, Part B, multiplied times</li><li>• 45 percent (preliminary national payment factor).</li></ul>
2	Determine the amount that could be paid under QLP according to the following: <ul style="list-style-type: none"><li>• “Gross QLP-AP Calculated Payment” in CCC-557AP-2, Part A, multiplied times</li><li>• 65 percent, minus</li><li>• “CDP Amount Attributable to Quality” in CCC-557AP-2, Part B.</li></ul>
3	Provided that all QLP eligibility criteria are met, County Offices shall load the application data in the QLP application software if the result of step 1 is less than the result of step 2.

**Note:** See subparagraph D for issues about payment limitation.

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### 3 Restrictions on Transferring QLP-AP Application to QLP (Continued)

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#### D

##### **Additional Criteria for Applicants to Remain in QLP-AP**

Payment limitation provisions apply to QLP, but are not applicable to QLP-AP. Therefore, if either of the following conditions are met, the applicant's payments would likely be higher under QLP-AP.

- The calculated 2000 QLP-AP payment exceeds \$177,778 (\$80,000 payment limitation divided by the preliminary national payment factor of 45 percent) per person.
- Forty-five percent (preliminary national payment factor) of the calculated QLP-AP payment exceeds the effective payment limitation for the applicant **minus** the sum of the following:
  - the issued CDP payment for the applicant
  - the issued QLP payment for the applicant
  - the issued CDP and QLP payments for other producers combined with the applicant for payment limitation purposes.

**Note:** If the QLP-AP application can be transferred, County Offices shall ensure that:

- all CDP and QLP payments for that applicant have been issued
- payments have been issued for all producers combined with the applicant.

#### **Example 1:**

Jane Doe received \$20,000 under CDP for wheat. Her QLP-AP calculated payment, before a national payment factor is applied, is \$120,000.

Following the provisions of subparagraph C, the producer's calculated:

- QLP-AP projected payment is \$54,000 with a preliminary 45 percent national payment factor
- QLP payment would be \$78,000, but would be limited to \$60,000 because of payment limitation.

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### 3 Restrictions on Transferring QLP-AP Application to QLP (Continued)

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#### D

#### Additional Criteria for Applicants to Remain in QLP-AP (Continued)

Since the producer would receive a higher payment under QLP, the producer's QLP-AP application data should be:

- deleted under QLP-AP
- loaded into the QLP application software.

#### Example 2:

John Doe as an individual produced crop year 2000 wheat and soybeans.

J.D. LLC produced crop year 2000 potatoes. John Doe owns a majority interest in J.D. LLC. Therefore, John Doe and J.D. LLC are considered 1 person for 2000 payment limitation purposes.

John Doe received the following:

- 2000 CDP payment of \$40,000 for wheat
- 2000 QLP payment of \$30,000 for soybeans.

J.D. LLC has filed a 2000 QLP-AP application for potatoes with a calculated payment of \$30,000.

#### Determination:

The effective payment limitation for QLP is determined as follows:

\$80,000 minus \$40,000 (CDP), minus \$30,000 (QLP), equals \$10,000.

Since 45 percent of the calculated QLP-AP payment exceeds the effective payment limitation minus issued payments to all producers making up the person for payment limitation purposes, this application should **not** be moved to QLP. Forty-five percent of \$30,000 is greater than \$10,000 remaining payment limitation.

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### 3 Restrictions on Transferring QLP-AP Application to QLP (Continued)

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#### **E Split Applications**

In certain cases, it may be beneficial for a producer to be paid for:

- **harvested** acres under QLP
- **unharvested** acres under QLP-AP.

County Offices may transfer the harvested acres portion of the QLP-AP application to QLP. The unharvested acres shall remain under QLP-AP. This will result in a QLP application **and** a QLP-AP application for the same unit, but on different acres. This shall be done only if the restrictions in subparagraphs B through D do not apply. There shall be no duplication of acres or production between the 2 applications.

**Note:** Harvested acreage shall not be split between QLP and QLP-AP.

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### 4 Report Requirements

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#### **A Disapproved QLP-AP Applications**

To handle appeals and other unforeseen circumstances, it is important to determine an adequate QLP-AP reserve. Therefore, County Offices shall provide State Offices with the total number and value of all QLP-AP applications that were disapproved because the producer does not meet the QLP-AP eligibility requirements. To determine the value of the denied applications, an entitlement report must be generated for each applicant.

If a QLP-AP application was disapproved before an entitlement report was printed, the County Office shall:

- remove the disapproval date from the QLP-AP application
- print the QLP-AP entitlement report
- re-enter the disapproval date on the QLP-AP application.

By COB February 11, 2002, County Offices shall submit to State Offices the total number and value of all disapproved QLP-AP applications. Include the reason for disapproval and whether or not appeal rights have been exhausted. The State Office shall FAX the total number and value of disapproved QLP-AP applications, by county, and the reason for the disapproval, including whether or not appeal rights have been exhausted, to PECD by COB February 13, 2002.

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## Notice DAP-126

### 5 Action

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#### A County Office Action

All County Offices with QLP-AP applications shall:

- transfer data on QLP-AP applications to the QLP application software unless 1 of the restrictions in subparagraphs 3 B through D apply
- submit the total number and value of disapproved QLP-AP applications to the State Office by COB February 11, 2002

**Note:** Include the reason for disapproval and whether or not appeal rights have been exhausted.

- certify to the State Office that the transfer of eligible QLP-AP applicants to QLP has been completed.
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#### B State Office Action

The State Office shall:

- ensure that all County Offices with QLP-AP applications are immediately notified of the contents of this notice, including the deadline of February 8, 2002, for transferring data from QLP-AP to QLP
- FAX the total number and value of disapproved QLP-AP applications, by county, to PECD, at 202-720-0051 or 202-720-4941, by COB February 13, 2002

**Note:** Include the reason for disapproval and whether or not appeal rights have been exhausted.

- FAX certification that County Offices have completed the transfer of eligible QLP-AP applicants to the QLP application software.
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